

Community Foundation of the Brazos Valley

Financial Statements

with

Independent Auditor's Report

December 31, 2020 and 2019

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors  
Community Foundation of the Brazos Valley

We have audited the accompanying financial statements of Community Foundation of the Brazos Valley (a Texas Non-Profit Corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the Brazos Valley as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

April 27, 2021  
Brenham, Texas

*Seidel Schaefer*

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Cash and equivalents	\$ 864,891	\$ 800,505
Investments, at fair value	9,711,739	8,248,666
Prepaid expenses	25	25
Property and equipment:		
Furniture, fixtures, and equipment	7,357	7,357
Less: Accumulated depreciation	(7,332)	(6,975)
Net property and equipment	25	382
 Total assets	 \$ 10,576,680	 \$ 9,049,578
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued expenses	\$ 2,748	\$ -
Grants payable	-	204
Agency endowments	828,445	784,096
Total liabilities	831,193	784,300
 Net assets:		
Without donor restrictions	9,745,487	8,265,278
Total net assets	9,745,487	8,265,278
 Total liabilities and net assets	 \$ 10,576,680	 \$ 9,049,578

See accompanying notes to financial statements.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Statements of Activities**  
**For the Years Ended December 31, 2020 and 2019**

	2020	2019
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<u>Public support and revenues</u>		
Donations	\$ 2,291,507	\$ 552,591
Grant revenue	13,500	-
Investment income (loss)	663,396	1,292,450
Special events	5,190	107,559
In-kind contributions - tribute luncheon	1,207	5,372
In-kind contributions - other	1,476	-
Other	7,638	7,408
Total unrestricted public support and revenues	2,983,914	1,965,380
<u>Expenses</u>		
Program services:		
Grants to organizations	1,305,590	429,371
Scholarships	61,013	68,782
Special events	45,831	68,222
Support services:		
Administrative expenses	91,271	45,699
Total expenses	1,503,705	612,074
Increase (decrease) in net assets	1,480,209	1,353,306
Net assets - beginning of year	8,265,278	6,911,972
Net assets - end of year	\$ 9,745,487	\$ 8,265,278

See accompanying notes to financial statements.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2020**

	Program Services			Supporting Services	Total
	Grants to Organizations	Scholarships	Special Events	Administrative Expenses	
Conference fees	\$ -	\$ -	\$ -	\$ 90	\$ 90
Contract labor				32,450	32,450
Depreciation	-	-	-	357	357
Software fees	17,330	1,577	20	1,038	19,965
Grants to organizations	1,236,135	-	-	-	1,236,135
Insurance	-	-	-	691	691
Investment management fees	31,402	2,858	36	1,881	36,177
Marketing	-	-	13,839	622	14,461
Meals	-	-	-	332	332
Membership fees	-	-	-	1,325	1,325
Office supplies	-	-	-	3,592	3,592
Other	-	-	-	1,257	1,257
Postage	-	-	1,480	964	2,444
Printing	-	-	2,672	190	2,862
Professional fees	-	-	-	15,028	15,028
Rent	-	-	-	7,510	7,510
Salaries and payroll expenses	20,723	16,578	24,867	20,723	82,891
Scholarships	-	40,000	-	-	40,000
Telephone	-	-	-	1,508	1,508
Travel	-	-	-	1,713	1,713
Tribute luncheon expenses	-	-	2,917	-	2,917
	<u>\$ 1,305,590</u>	<u>\$ 61,013</u>	<u>\$ 45,831</u>	<u>\$ 91,271</u>	<u>\$ 1,503,705</u>

See accompanying notes to financial statements.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	Program Services			Supporting Services	Total
	Grants to Organizations	Scholarships	Special Events	Administrative Expenses	
Accounting fees	\$ -	\$ -	\$ -	\$ 10,123	\$ 10,123
Depreciation	-	-	-	431	431
FIMS software fees	8,704	928	-	528	10,160
Fund expenses	-	660	-	-	660
Grants to organizations	354,908	-	-	-	354,908
Insurance	-	-	-	1,275	1,275
Investment management fees	27,158	2,894	-	1,648	31,700
Marketing	-	-	11,381	70	11,451
Meals	-	-	-	443	443
Membership fees	-	-	-	1,825	1,825
Office supplies	-	-	-	3,438	3,438
Other	-	-	-	3,733	3,733
Postage	-	-	1,234	1,140	2,374
Printing	-	-	5,170	1,044	6,214
Rent	-	-	-	7,476	7,476
Salaries and payroll expenses	38,601	19,300	28,950	9,650	96,501
Scholarships	-	45,000	-	-	45,000
Telephone	-	-	-	1,752	1,752
Travel	-	-	-	1,124	1,124
Tribute luncheon expenses	-	-	21,486	-	21,486
	<u>\$ 429,371</u>	<u>\$ 68,782</u>	<u>\$ 68,222</u>	<u>\$ 45,699</u>	<u>\$ 612,074</u>

See accompanying notes to financial statements.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,480,209	\$ 1,353,306
Reinvested dividends	(2,348)	(22,467)
Net (gain) loss on investments	(444,346)	(1,022,253)
Depreciation	357	431
Increase (decrease) in cash resulting from changes in assets and liabilities:		
Deferred revenue	-	(1,250)
Accrued expenses	2,748	-
Grants payable	(204)	204
Agency funds	44,349	131,573
Net cash provided by operating activities	1,080,765	439,544
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,640,092)	(7,145,328)
Proceeds from the sale of investments	623,713	6,485,893
Redemption of certificates of deposit	-	450,000
Net cash provided (used) by investing activities	(1,016,379)	(209,435)
Net increase (decrease) in cash and equivalents	64,386	230,109
Cash and equivalents at beginning of year	800,505	570,396
Cash and equivalents at end of year	\$ 864,891	\$ 800,505

See accompanying notes to financial statements.



**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

1. Summary of significant accounting policies

History

Community Foundation of the Brazos Valley (“the Foundation”) is a public, not for profit 501(c)(3) organization. The Foundation was originally organized on January 9, 2003 under the name Brazos Community Foundation d.b.a. Community Foundation of the Brazos Valley. The Foundation changed its name to Community Foundation of the Brazos Valley effective December 5, 2018.

Mission

Community Foundation of the Brazos Valley is dedicated to improving the quality of life in the Brazos Valley through the development of philanthropic giving, responsible grant making, professional stewardship and collaborative leadership.

Basis of accounting

The financial statements of the Community Foundation of the Brazos Valley have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Because the Foundation follows Generally Accepted Accounting Principles for financial statements of not for profit organizations, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions. These classes are as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

With donor restrictions – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Programs

Programs are established to comply with the intent of the donor. All contributions, which contain restrictions, are classified as net assets with donor restrictions. These amounts are tracked, by the individual programs, until fully expended. The individual programs are classified in the note which provides details on net assets with donor restrictions.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

1. Summary of significant accounting policies – continued

Categories of major programs, during the period covered by these financial statements were:

1. Scholarships for students attending area colleges
2. Various programs and activities of charitable organizations in the Brazos Valley

Cash and Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. It is the Foundation's policy to immediately sell donated marketable securities upon receipt.

Contributed Services

Certain contributed services related to special events meeting the requirements for recognition have been recorded in the financial statements as in-kind contributions. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services and have not been recorded.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Expenditures for additions, major renewal, and betterments are capitalized, while maintenance and repairs are charged to expense as incurred. The Foundation's capitalization threshold is \$500. Depreciation is computed on the straight-line method over estimated useful lives.

Advertising Costs

Advertising costs are expensed as incurred.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

1. Summary of significant accounting policies - continued

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation has no unrelated business income. The tax years ending December 31, 2017 and later remain subject to examination.

2. Cash and equivalents

Cash and equivalents consist of checking accounts at local financial institutions and brokerage fund deposits and money market accounts with original maturities less than three months. Deposits exceed Federal Depository Insurance Corporation (FDIC) limits by approximately \$434,000 as of December 31, 2020.

3. Investments

The Foundation carries investments at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Financial Accounting Standards Board (FASB) Accounting Standards Codification 820-10-65, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs have the highest priority and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level I inputs because they generally provide the most reliable evidence of fair value. Fair value estimates as of December 31, 2020 and 2019 are as follows:

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

3. Investments - continued

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2020</u>				
Exchange traded funds	\$ 553,334	\$ 553,334	\$ -	\$ -
Mutual funds	9,158,405	9,158,405	-	-
	<u>\$ 9,711,739</u>	<u>\$ 9,711,739</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2019</u>				
Exchange traded funds	\$ 480,495	\$ 480,495	\$ -	\$ -
Mutual funds	7,768,171	7,768,171	-	-
	<u>\$ 8,248,666</u>	<u>\$ 8,248,666</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Investment return consists of the following:

	2020	2019
Interest and dividend income	\$ 219,050	\$ 270,197
Net gain (loss) on investments	444,346	1,022,253
	<u>\$ 663,396</u>	<u>\$ 1,292,450</u>

Investment Pools

The Foundation maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

4. Net Assets

Included in net assets without donor restrictions is approximately \$6,994,629 and \$6,306,484 of donor-advised funds as of December 31, 2020 and 2019, respectively. Although grant recommendations are accepted from the donors or other advisors of these funds, the Foundation has variance power; that is, the ultimate discretion of the use of these funds lies with the Board of Trustees. Thus such funds represent net assets without donor restrictions to the Foundation.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

4. Net Assets - continued

Net assets with donor restrictions are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specific purpose. All net assets with donor restriction of this Foundation are based on purpose restrictions.

5. Agency Endowment Funds

Financial accounting standards require that if a not-for-profit organization transfers assets to a recipient organization and specifies itself or its affiliate as the beneficiary, the Foundation must account for the transfer of such assets as a liability. The Foundation refers to these funds as agency endowment funds. These funds are presented as a liability in the Statement of Financial Position.

The agency endowment funds held at December 31, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Aggieland Pregnancy Outreach	\$ 16,494	\$ 15,541
Arts Council of Brazos Valley	9,721	9,174
Boys and Girls Club of Brazos Valley Endowment	45,463	42,837
Boys and Girls Club of Brazos Valley Building Campaign	56,141	52,898
Boys and Girls Club of Washington County Sustaining Endowment	8,833	-
Brazos Valley Breast Cancer Support dba Pink Alliance	97,907	92,251
Brazos Valley Chorale	13,169	14,344
Brazos Valley Council of Alcohol & Substance Abuse	7,912	7,486
Brazos Valley Food Bank	93,652	98,986
Brazos Valley Museum of Natural History	24,083	22,692
Children's Museum of Brazos Valley	10,859	5,933
Mobility Worldwide Brazos Valley	37,551	31,389
Scotty's House	12,242	16,117
St. Andrews Episcopal/Cherry	34,498	32,098
St. Andrews Episcopal/Plass	12,903	12,685
St. Michaels Academy	63,419	62,449
Still Creek Ranch	11,452	10,792
The Theatre Company	97,779	92,130
Unity Theatre	174,368	164,295
	<u>\$ 828,445</u>	<u>\$ 784,096</u>

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

6. Special events

The Foundation hosts an annual luncheon honoring inspirational leaders in the community. Revenues from the luncheon serves as additional support source for the operational needs of the Foundation. For the year ended December 31, 2020, the luncheon was cancelled due to COVID-19. Of the total revenues and contributions of \$70,920, \$65,730 was from luncheon sponsorships that donors allowed as contributions as a result of the cancellation and \$5,190 was from ticket sales. The income and expenses related to the event for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Revenues and contributions	\$ 70,920	\$ 107,559
In-kind contributions	1,207	5,372
Direct expenses - in-kind	(1,207)	(5,372)
Direct expenses - other	(1,710)	(16,114)
Allocation of payroll and other expenses	(42,914)	(46,735)
	\$ 26,296	\$ 44,710

7. Commitments

In 2020, the Foundation entered into an agreement for access and use of its accounting software. The fee for 2021 is \$12,750.

In 2019, the Foundation entered into a two year agreement for office space. The lease agreement expires November 1, 2021. The rent expense for the years ended December 31, 2020 and 2019 was \$7,510 and \$7,476, respectively. Required minimum rent payments due for the years ending December 31 are as follows:

2021	\$ 6,400
	\$ 6,400

8. Coronavirus

The Coronavirus (COVID-19) pandemic has impacted the nation as a whole, leading to consumer uncertainties and financial setbacks for many businesses and individuals. In April 2020, the Organization received loan proceeds in the amount of \$13,500 under the Paycheck Protection Program (“PPP”) established as part of the CARES Act in response to the negative economic impact of the COVID-19 outbreak. As the funds were used in accordance with the requirements of the program, the Organization was granted forgiveness in November 2020 by the Small Business Administration and has recognized the forgiven proceeds as grant revenue in the accompanying financial statements.

**COMMUNITY FOUNDATION OF THE BRAZOS VALLEY**  
**Notes to the Financial Statements**  
**December 31, 2020 and 2019**

9. Subsequent events

Management has evaluated all subsequent events through April 27, 2021, the date on which the financial statements were available to be issued. No additional modifications or disclosures were deemed necessary.